Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Message Text

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TO AMEMBASSY GUATEMALA IMMEDIATE

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E.O. 11652: N/A

TAGS: EGEN, ECLA, GT

SUBJECT: ECLA: 17TH SESSION: PROPOSED US STATEMENT

1. FOLLOWING IS REVISED AND APPROVED TEXT OF PROPOSED US STATEMENT FOR INCLUSION IN REPORT. WE UNDERSTAND SECRETARIAT HAS OBTAINED AND IS ALREADY CIRCULATING SOME PORTIONS OF STATEMENT. USDEL SHOULD REVIEW SECRETARIAT VERSION IN LIGHT OF FOLLOWING. WE CONSIDER INCLUSION OF SUBSTANCE OF ULTIMATE PARAGRAPH OF THE FOLLOWING VERSION AS MOST CRITICAL.

2. BEGIN TEXT.
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THE US REGARDED THE 17TH SESSION OF ECLA AS A VALUABLE ELEMENT IN THE IMPORTANT PROCESS OF CONSULTATIONS ON THESE IMPORTANT ECONOMIC ISSUES OF MUTUAL CONCERT. THOSE ISSUES ARE VERY LARGELY THE SUBJECTS OF GLOBAL NEGOTIATIONS, IN CIEC, THE UN, THE MTN AND OTHER FORUMS. PRESIDENT CARTER IN HIS SPEECH TO THE OAS ON APRIL 14 MADE CLEAR THE IMPORTANCE TO THE US OF CONSULTATIONS WITH LATIN AMERICA ON THESE SUBJECTS. HE PAID PARTICULAR TRIBUTE TO THE LEADERSHIP OF LATIN AMERICA IN THOSE GLOBAL FORUMS AND TO ECLA AS THE SOURCE OF MANY CREATIVE IDEAS ON DEVELOPMENT.

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HE TOOK SPECIAL NOTE OF THE CONTRIBUTIONS OF THE FORMER

ECLA EXECUTIVE SECRETARY, RAUL PREBISCH, WHO HELPED MAKE UNCTAD AN IMPORTANT FORUM.

THE US REGARDS E/CEPAL/1025, AS AN EXPRESSION OF THE VIEWS OF THE DEVELOPING COUNTRY MEMBERS. THERE WERE POINTS WITH WHICH THE US DISAGREED, OR ON WHICH THE US DID NOT YET HAVE A POSITION, SOME OF THESE ARE DISCUSSED BELOW. AS A GENERAL POINT THE US DID NOT ACCEPT THAT THE NEW INTERNATIONAL ECONOMIC ORDER AND THE CHARTER OF ECONOMIC RIGHTS AND DUTIES OF STATE IN ANY WAY CONSTITUTE BINDING OBLIGATIONS. THE US DOES NOT OBJECT TO THE TRANSMITTAL OF THE DOCUMENT TO ECOSOC AS AN EXPRESSION OF DEVELOPING COUNTRY VIEWS.

THE US DELEGATION CONSIDERED THAT THE SECTION ON THE ECONOMIC AND SOCIAL DEVELOPMENT OF LATIN AMERICA CONTAINED MUCH THAT WAS ILLUMINATING. THE US FULLY AGREES THAT ECONOMIC GROWTH IS NOT AN ADEQUATE GOAL BY ITSELF, ECLA HAS DONE PIONEERING WORK IN RECOGNITION OF THIS FACT. IT IS APPROPRIATE THAT THIS SHOULD BE SO; LATIN AMERICA HAS HAD A HIGHLY ENVIABLE RECORD OF GROWTH IN RECENT DECADES. ON THE OTHER HAND, THE SECRETARIAT HAS POINTED OUT THE NECESSITY OF AN EXTRAORDINARY RATE OF GROWTH IN THE UNCLASSIFIED

NEXT DECADES FOR LATIN AMERICA TO BE ABLE TO COPE WITH ITS PROBLEMS OF POPULATION AND EMPLOYMENT. THE US IS IMPRESSED BY THE FORTHRIGHT RECOGNITION IN THE CEGAN DOCUMENT OF THE SOCIAL PROBLEMS THAT FACE LATIN AMERICA. IN PARTIAL RECOGNITION OF THE IMPORTANCE OF INTEGRATED SOCIAL AND ECONOMIC DEVELOPMENT, THE US HAD EMPHASIZED ASSISTANCE TO THE POOREST, ESPECIALLY IN ITS BILATERAL AID PROGRAMS.

THERE ARE, IN PARTICULAR, TWO PARAGRAPHS IN THIS SECTION ON WHICH THE US FEELS SPECIAL COMMENTS ARE NECESSARY. FIRST, WITH REFERENCE TO PARAGRAPH 18, THE US AGREES THAT WE SHOULD WORK FOR INTERNATIONAL ECONOMIC PROGRESS AND COOPERATION. FOR THAT REASON, WE ARE, FOR ONE THING, PARTICIPATING FULLY IN THE VARIOUS GLOBAL NEGOTIATIONS. ECONOMIC INTERDEPENDENCE AMONG NATIONS IS A FACT OF LIFE, FOR THE US AS WELL AS FOR DEVELOPING COUNTRIES. EACH OF US MUST BASE PARTICIPATION IN THESE NEGOTIATIONS ON OUR OWN INTERESTS, RECOGNIZING - AS THE US RECOGNIZES - THAT THE ECONOMIC HEALTH AND PROSPERITY OF OTHERS - THE LATIN AMERICAN COUNTRIES IN THIS CASE - ARE VERY MUCH IN EVERYONE'S INTEREST. WE MUST WORK TOGETHER TO FIND WAYS TO OVERCOME POVERTY IN ALL COUNTRIES.

SECOND, THERE ARE MANY ELEMENTS OF PARAGRAPH 57 THAT THE

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US DOES NOT AGREE WITH. WHILE WE RECOGNIZE THAT THE PARA-
GRAPH EXPRESSES THE VIEW OF MANY LATIN AMERICAN COUNTRIES,
WE CONTINUE TO FEEL THAT THE ACTIVITIES OF TRANSNATIONAL
ENTERPRISES HAVE PROVIDED A MAJOR IMPULSE TO DEVELOP-
MENT THROUGH A UNIQUE PACKAGING OF CAPITAL, TECHNOLOGY,
MARKETING AND MANAGERIAL SKILLS. THE US WELCOMES THE
NEW DEGREE OF FLEXIBILITY ON THE PART OF ENTERPRISES AND
HOST GOVERNMENTS THAT HAS BEGUN IN RECENT YEARS, AND THE
NEW FORMS OF RELATIONSHIPS BETWEEN FOREIGN ENTERPRISES
AND HOST COUNTRIES.

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IN THE SECTION ON ECONOMIC DEVELOPMENT AS A WHOLE, THE
US SUGGESTS THAT THE REPORT MAY BE MORE NEGATIVE THAN IT
WOULD BE IF THE STRONG PERFORMANCE OF MOST COMMODITIES
IMPORTANT TO THE REGION IS FULLY INCLUDED.

THE US HAD SPECIFIC COMMENTS ON A NUMBER OF PARTS OF THE
PLAN OF ACTION, INCLUDING THE FOLLOWING:
COMMODITIES:
AS PRESIDENT CARTER STATED IN HIS ADDRESS TO THE UNITED
NATIONS ON MARCH 17, WE WILL CONSIDER WITH A POSITIVE AND
OPEN ATTITUDE, THE NEGOTIATIONS OF AGREEMENTS TO STABILIZE
COMMODITY PRICES. THE US ALSO BELIEVES THAT PRODUCER-
CONSUMER FORUMS ARE IN GENERAL USEFUL MECHANISMS FOR
DEALING WITH MANY OF THE PROBLEMS ARISING IN MAJOR COM-
MODITY AREAS. SUCH MECHANISMS CAN BE ESTABLISHED WHERE
USEFUL AND WHERE COMMODITY FORUMS DO NOT PRESENTLY EXIST .
WE ALSO BELIEVE THAT AN INTEGRATED APPROACH TO THE COMMOD-
ITY QUESTION ALSO MUST ADDRESS AREAS OTHER THAN PRICE
STABILIZATION SUCH AS INVESTMENT, STABILIZATION OF EXPORT
EARNINGS AND LIBERALIZATION OF TRADE BARRIERS. FINALLY,
WE BELIEVE THAT THE RIGIDITIES AND TECHNICAL DIFFICULTIES
OF INDEXATION OF COMMODITY PRICES MAKE THAT APPROACH UN-
DESIRABLE AND IMPRACTICAL, AND IT POINTS TO THE UNCER-
TAINTIES AS TO WHAT COUNTRIES - DEVELOPED OR DEVELOPING -
WOULD BE THE REAL BENEFICIARIES.

MULTILATERAL TRADE NEGOTIATIONS: THE US BELIEVES THAT
LATIN AMERICA,,SAT ITS RELATIVELY ADVANCED STAGE OF
DEVELOPMENT, HAS A VERY IMPORTANT STAKE IN THE MAIN-
TENANCE OF THE WORLD TRADE SYSTEM AND IN THE SUCCESS OF
THE MTN. THE U.S. IS COMMITTED TO SEEKING ACCELERATION
OF PROGRESS IN THE MTN.
COUNTERVAILING DUTIES AND SUBSIDIES: THE US LAW, AL-
THOUGH IT ALLOWS VERY LIMITED FLEXIBILITY ON THE PART OF
THE ADMINISTRATION, HAS IN FACT BEEN INVOKED ONLY SPARING-
LY, WE BELIEVE THERE IS AN URGENT NEED FOR INTERNATIONAL
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AGREEMENT ON SUBSIDIES AND COUNTERVAILING DUTIES AND THAT SUCH AN AGREEMENT WOULD BE VERY MUCH IN THE INTERESTS OF LATIN AMERICA.

THE U.S. FAVORS SPECIAL AND DIFFERENTIATED TREATMENT FOR DEVELOPING COUNTRIES IN THE CONTEXT OF ANY NEW INTERNATIONAL AGREEMENT ON SUBSIDIES AND COUNTERVAILING DUTIES.

GENERALIZED SYSTEM OF PREFERENCES: IN THE FIRST YEAR OF EXPERIENCE WITH THE U.S. PREFERENCES SYSTEM, IMPORTS OF GSP PRODUCTS WERE 65 PERCENT HIGHER ($4.3 BILLION) THAN IMPORTS OF THE SAME PRODUCTS IN 1975. THE SYSTEM IS CURRENTLY UNDER REVIEW. THE DELEGATION INVITED THE COMMENTS OF THE LATIN AMERICAN BENEFICIARY COUNTRIES ON THEIR EXPERIENCE WITH THE SYSTEM IN ITS FIRST YEAR AS A CONTRIBUTION TO THE REVIEW PROCESS.

FINANCIAL AND MONETARY MATTERS: THE U.S. IS NOT IN A POSITION TO AGREE TO THE 0.7 PERCENT TARGET BUT IS IN THE PROCESS OF INCREASING ITS ASSISTANCE TO DEVELOPING COUNTRIES. PRESIDENT CARTER HAS ASKED CONGRESS FOR $7.5 BILLION FOR BILATERAL AND MULTILATERAL FOREIGN ASSISTANCE IN FISCAL YEAR 1978; HAS SUPPORTED FULFILLING U.S. PLEDGES TO THE INTERNATIONAL BANKS INCLUDING THE INTER-AMERICAN DEVELOPMENT BANK; AND HAS PROPOSED A 30 PERCENT INCREASE IN THE U.S. CONTRIBUTION TO THE UNDP. ON THE OTHER HAND, THE U.S. CONTINUES TO OPPOSE LINKING THE CREATION OF SPECIAL DRAWING RIGHTS TO FOREIGN ASSISTANCE; THE TWO SERVE DIFFERENT PURPOSES. DECISIONS ON THEM MUST BE MADE ON DIFFERENT BASES. THE DELEGATION AGREED THAT DEBT WAS AN IMPORTANT PROBLEM, BUT BELIEVED IT MUST BE CONSIDERED IN A BROADER CONTEXT OF THE NEED FOR FINANCIAL RESOURCES. THE DELEGATION ACCEPTED THE GOAL OF FULLER PARTICIPATION FOR DEVELOPING COUNTRIES IN INTERNATIONAL ECONOMIC DECISIONS, BUT IT POINTED OUT

THAT IN FACT DEVELOPING COUNTRIES HAVE EVEN NOW OVER 30 PERCENT OF THE VOTING POWER IN THE IMF AND 9 OF THE 20 SEATS ON THE IMF'S INTERIM COMMITTEE AND EXECUTIVE BOARD.

SCIENCE AND TECHNOLOGY COOPERATION: THE USG RECOGNIZES THAT S&T IS BASIC TO THE INDUSTRIAL DEVELOPMENT PROCESS AND HAS SUBSCRIBED AT MANY INTERNATIONAL FORA TO THE POSITION THAT THE DEVELOPED COUNTRIES SHOULD HELP THE DEVELOPING COUNTRIES STRENGTHEN AND ESTABLISH NATIONAL AND INTERNATIONAL INSTITUTIONS TO PROMOTE THE TRANSFER AND DEVELOPMENT OF TECHNOLOGY TO INCREASE TECHNOLOGICAL CAPACITY.

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WITH RESPECT TO S&T INFRASTRUCTURE IN LATIN AMERICA, THE USG IS ACTIVELY SUPPORTING BILATERAL AND MULTI-LATERAL (OAS AND UN) APPROACHES TO THIS END, UTILIZING USG AND US ACADEMIC SECTORS.

WITH RESPECT TO PROMOTING THE USE OF TECHNOLOGY FOR INDUSTRIALIZATION, THE USG OPERATES WITHIN CERTAIN LIMITS, SINCE THE BULK OF US INDUSTRIAL TECHNOLOGY IS IN THE US PRIVATE SECTOR. NEVERTHELESS, THERE ARE VARIOUS WAYS IN WHICH THE USG HAS SOUGHT TO SPEED THE TECHNOLOGY TRANSFER PROCESS. THE USG HAS PROPOSED, FOR EXAMPLE, AMONG OTHER ITEMS, THE UN CENTER FOR THE EXCHANGE OF TECHNOLOGICAL INFORMATION, AN INTERNATIONAL INDUSTRIALIZATION INSTITUTE, AND AN INTERNATIONAL ENERGY INSTITUTE. THE USG HAS ALSO SUPPORTED THE CONCEPT OF THE UN CONFERENCE ON S&T FOR DEVELOPMENT TO BE HELD IN 1979. SPECIFICALLY, FOR LATIN AMERICA, THE USG HAS PROPOSED A TECHNOLOGY EXCHANGE SERVICE FOR LATIN AMERICA AND US-LA FIRM-TO-FIRM COOPERATIVE VENTURES, AND EXPANDED ACCESS TO SOURCES OF US TECHNICAL INFORMATION.

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THE USG IS CURRENTLY ACTIVELY PARTICIPATING IN THE OAS IN THE DESIGN OF A HEMISPHERIC PROGRAM IN TECHNOLOGY COOPERATION, WITH EMPHASIS ON TWO AREAS: INSTITUTIONAL SUPPORT FOR TECHNOLOGY DEVELOPMENT; AND PRODUCTION AND UTILIZATION OF TECHNOLOGY.

THE USG WILL CONTINUE ITS SUPPORT OF S&T INFRASTRUCTURE IN LATIN AMERICA; AND ALSO REALIZES THE IMPORTANCE OF OBTAINING METHODS OF PROMOTING AN ENHANCEMENT OF THE INTERFACE BETWEEN TECHNOLOGY AND INDUSTRY IN LATIN AMERICA.

THE U.S. POINTED OUT IN CONCLUSION THAT THE SPECIFIC POINTS RAISED BY ITS DEL WITH REFERENCE TO THE DOCUMENT WERE MEANT TO ILLUSTRATE THE DIFFICULTIES IT HAD WITH IT AND DID NOT CONSTITUTE A FULL DISCUSSION OF THE MATTER.
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